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World Chronicle

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GUEST: **Mahbub ul Haq**
Special Advisor to the Administrator
United Nations Development Programme

JOURNALISTS: Ian Steele, Far Eastern Economic Review
Sally Swing Shelley, the Voice of Germany

MODERATOR: Michael Littlejohns

1994 HUMAN DEVELOPMENT REPORT

MAHBUB ul HAQ, Special Advisor to the Administrator of the United Nations Development Programme (UNDP), discusses the 1994 Human Development Report. The international community is concerned that countries continue to spend more on their military than on social and economic programs. The search for human security lies in development rather than in arms. We must seek a new role for the United Nations to meet humanity's agenda not only for peace but also for development. Mr. Haq believes that the concept of development cooperation should be broadened to include the nuts and bolts of development rather than financial aid alone. The "20:20 compact" for funding development could ensure that the essential human development agenda is met in all nations. He calls on all countries to reduce their military budgets by 3 per cent during the last five years of this century. The forthcoming Social Summit should approve the idea of a global human security fund and set up an economic security council.

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Director: Livingston Hinckley
Production Assistant: Ellen McGuffie

ANNOUNCER: From United Nations Headquarters in New York, this is **World Chronicle**, an unedited interview programme about major global issues. Here now to introduce our guest is the host of today's **World Chronicle**.

LITTLEJOHNS: I'm Michael Littlejohns, and this is **World Chronicle**.

For too long the concept of security has been shaped by the potential for conflict between states, as nations have sought arms and waged wars to protect their internal and external security. But for most people today, security means job, income and health in an environment that's safe ecologically as well as free of crime. A recently published report for the United Nations Development Programme, or UNDP, states that the world can never be at peace until people have security in their daily lives.

But how can people achieve this goal? Our guest today is the chief architect of the Human Development Report. He is Mahbub ul Haq, Special Advisor to the Administrator of the United Nations Development Programme. Joining me to speak with Mr. Haq are Ian Steele of the Press Foundation of Asia and Sally Swing Shelley of the Voice of Germany. Mr. Haq, welcome to World Chronicle.

The Report, which you have been producing since, I think, 1950 --

HAQ: 1990.

LITTLEJOHNS: -- I'm sorry 1990 -- on an annual basis, what use do governments put these Reports to?

HAQ: Well, I think without being immodest I should say that it has had an impact that we did not even expect. Many countries now are beginning to formulate their own strategies centred around the people, human development strategies with some help from the United Nations Development Programme. In the international community, there's a lot of concern about issues that we have raised about military spending taking away resources from human development, and this has entered now the policy dialogue, even conditionality of World Bank and IMF. There is a search today for a new development cooperation framework, because we have pointed out again and again that what the poor need is not charity, they need access to opportunities, domestically and globally. So you have to take into account trade and technology and labour laws and investments. So I think in terms of policy impact, the Report has succeeded beyond our expectations.

LITTLEJOHNS: Some of the Reports seem to have encouraged a certain amount of controversy, particularly over the Human Development Index. Have you refined the Human Development Index in order to meet the criticisms that have been made?

HAQ: I think the Human Development Index has been going through a good deal of refinement, review, discussion in the last five years. It is after a long time that we are trying to escape the tyranny of just the income measures, going beyond that to other human choices -- of life expectancy, of education, of real purchasing power. Of course we have not been able to include all possible indicators in it. But it is surprising how extensively now this Human Development Index is used to get a profile of society. Because one of its major characteristics is you can get not an average figure only, but a total profile of society, how urban and rural areas live, how men and women compete with each other, what are the disparities between various ethnic groups, various regions. It can point out beforehand where the trouble may come. Last year we had the disaggregation of Mexico. Least noticed by the world, but at the bottom each time in those graphs, was Chiapas and how their human lives in Chiapas had shrivelled while Mexico was claiming a lot of progress. And after a year Chiapas blew up. And when I recently talked to the Mexican policy-makers, they said that we wished we had noticed a little earlier. And that is I think what the Human Development Index can point out in detail, almost graphic detail -- the profile of a society.

LITTLEJOHNS: If I recall correctly, Mr. Haq, last year Japan was number one in the Human Development Index. This year it's Canada, followed by Switzerland, with Japan in third place. What happened to change the order?

HAQ: Well, of course it depends a lot on the change in basic indicators which go into the Human Development Index. There's not much change that comes from year to year in education and health indicators because these are fairly stable. I think in the case of rich societies a good deal of change has been coming as a result of change in the purchasing power, in terms of what growth of the real income has been. That is what explains the changes in the last two, three years at least.

STEELE: I would like to go back, Dr. Haq, to the Chiapas example. You've gone further this year, you've predicted the possibility of social conflagration in 15 countries. Mexico is there again, Egypt, Algeria, a number of other countries that obviously won't be too happy at having the finger pointed at them but perhaps should be grateful for the warning anyway. If you could have predicted a Burundi or a Rwanda last year in addition to Chiapas, would things have been any different, could they have been any different, and would the system in any case have reacted? Would this have been something which the Mexican government could have taken care of in Chiapas, the international community could have become involved in in Chiapas? If we project ourselves to the logical extension of the forecast, what is the practical result?

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HAQ: As you know, Ian, many societies are now beginning to dissolve from failed governments and from failed development. We have been sending in the past soldiers, sometimes in UN blue berets, to take care of the situations. But in many of these countries now, soldiers are no substitute for socioeconomic reforms or for development that the system needs. Yes, we are trying to develop some indicators to forecast which countries may run into trouble. Particularly we use five indicators: food security, job and income security, ethnic tensions, regional disparities and political oppression, and also military and social spending ratios. I think we must find some way of predicting beforehand as to which societies are heading for trouble, because otherwise we'll be too late and the cost will be too heavy. Somalia, for instance: last year $2 billion on soldiers to deliver $150 million in food. It's a fair question whether ten years earlier, if we had been able to have an early warning about Somalia and that $2 billion was spent on food production, on education and health and socioeconomic development, could we have prevented the crisis?

STEELE: But in a sense we've been predicting this for 30, 40 years. We've been saying here are the developing countries, here's the framework, here are the conditions for social unrest. And yet no one has taken any action. These are arguably near-term disasters which the system could not respond to in time at the level of poverty, perhaps. So how does one deal with this?

HAQ: Ian, something has changed in the picture. The cold war is over. A lot of the time, there was a competition between the superpowers in many of these countries. After all, who was giving arms to Iraq or to Somalia or to Sudan? We have documented that in our Reports. In 1980, we had looked at the military-social spending ratio. Which were the three countries where it was highest? Iraq, eight times more on military expenditure than education and health; Somalia, five times more; Nicaragua, three and a half times more. They couldn't protect the people, they couldn't protect their national sovereignty. Where was it lowest? Costa Rica, which had abolished its army and put 30 per cent of its income in education, health and nutrition, and the only country in Central America that could protect its democracy, its independence.

What is happening now to the world is that they are beginning to sense that the conflicts of the future are within nations, not between nations. Too much attention was given to conflicts between nations in the past. And look at the last three years: there have been 82 conflicts -- and we define conflicts as anything that involves more than a thousand people -- 82 conflicts; only three were between nations, 79 within nations. Look at the experience of the last century. At the turn of the century, 90 per cent of the

casualties used to be, in these conflicts, soldiers. Now 90 percent of the conflicts are civilians. There's a shift.

And I think countries are beginning to realize that the problem of social disintegration in these countries is not going to be confined there, it is going to spill over. Everybody gets involved -- in a Somalia, in a Rwanda, in an Angola, or a Mozambique or a Haiti. And there are too many of these things happening.

SHELLEY: But Dr. Haq, today, most of the foreign aid, overseas development aid, goes to politically correct countries, the ones that are interesting to the country who's giving the aid, and almost none of it is going to the poorest countries. How do you propose to change that, and how will you change that? And does this Report help?

HAQ: Well, Sally, again there is that scar of the cold war. Aid was often given to strategic allies rather than to poor nations. Otherwise, how can we explain that twice as much aid, even today, per capita goes to high military spenders among developing countries rather than to low military spenders? Or that El Salvador today gets 16 times as much aid from the U.S., say, per capita, or per person, as Bangladesh, despite the fact that Bangladesh has 22 times the population, is five times poorer. There certainly was a search for allies during the cold war period, and aid was used as a weapon for that. But I think it is possible today, with the cold war over, to focus aid on its real objectives: poverty alleviation, on human development, on human rights, on basically the kind of objectives that the donors have been saying, but where the aid allocations do not bear out that they followed them in actual practice.

SHELLEY: You had in your Reports -- I've been following them very closely for five years -- in your second Report, you had a Freedom Index. And this Freedom Index ranked countries according to how free they were. I think the U.S. ranked about 19th. And that, the next year, in 1992, the countries had disappeared, there was a sort of a waffling about high income countries and middle income countries. And you had in both instances, I must say, made a correlation between human freedom and human development. Now in this Report, freedom has been dropped by the wayside! Why?

HAQ: Well, the Freedom Index probably was ahead of its time. It is true there's a wave of democracy sweeping across the world. I think many countries yet are not willing to be judged quantitatively and ranked according to a freedom index. We did a lot of work on this. We did it professionally in documenting freedom of press, freedom of elections, free judiciary, many other indices where we think it can be done. Our own feeling at the moment is that a lot more work on this should be done in universities, in research institutions, so that they're not criticized for having some motivation behind it, whether any nations have influenced it. I think a lot of work on

democracy, on indices of democracy, on political freedom, on human rights, is necessary. But my feeling is that it will emerge now, a great deal of it, from institutions of learning and universities where it should be.

SHELLEY: You mean it gave you too much of a hot seat.

HAQ: Well, we don't mind. We have taken up issues which are very, very controversial all the time. But I believe there are certain issues which can be ahead of their time.

LITTLEJOHNS: This is World Chronicle, our guest is Mahbub ul Haq, Special Advisor to the Administrator of the United Nations Development Programme. Mr. Haq, looking at this table I see the Human Development Index ranking for developing countries. Barbados is again the top of the heap, but I see Hong Kong, the Republic of Korea, Chile, Singapore, Mexico. Brazil, South Africa -- are these, strictly speaking, developing countries? In the minds of many people, a country like Korea, which is producing automobiles and television sets and so forth, has some heavy industry, is hardly a developing country.

HAQ: I think, Michael, you raise an issue which is becoming increasingly important. The division of the world between north and south, between industrialized and developing, or developed and developing, rich and poor, is losing a great deal of its meaning. We also divide the world according to low human development, medium human development, high human development, how the people live and breathe. Maybe that would be a better distinction. It is true some of these countries like Korea have become so industrialized, have even become donors, that to group them together with other developing countries may be an injustice to both sides. It's also true that many countries in central Asia, which were formerly a part of the USSR, they are called industrialized nations and yet they are probably more underdeveloped, are developing, than many countries which are in that category. We are going to take up this whole question of a better classification so that one can convey a better image of these countries than the conventional definitions do.

SHELLEY: You know, in your 1990, '91 and '93 indexes, Japan ranked number one. And I just had come back from Japan when your book was published, and I noticed how crowded the apartments were, often four people living in a room of 10 by 14, you know, in bunks and sometimes having to share bunks -- I mean, one goes to work and another one comes in. Why don't you take housing as one of the indexes of human development?

HAQ: I think what we have done here is taken the very basic human development indicators, because our initial purpose was to bring it out more for the

developing countries, for the poorer nations, where life expectancy or education or even some basic purchasing power, these are critical issues. It is true that as we go further and try to compare the rich nations, we need to have supplementary indices. Many supplementary indices, which may include housing, which may include tertiary and scientific education, which may include crime in the streets, drug addiction, other elements of human distress, we do have this information in the Report and we are considering whether we should also bring it forward and see whether we can also have separate or supplemental indicators for the various groups of countries.

SHELLEY: I have another a question for you, and that is comparing India and China, it's remarkable how much better off the Chinese are. Now, are the figures you're using from China the official Chinese government figures?

HAQ: Well, what we are using is what is called the purchasing power parity figures, the real income figures, which now World Bank and IMF are also developing -- previously it was the University of Pennsylvania. We started using them. They are adjusted for change rates and for prices so that one can see the real purchasing power in a system. A lot of investment has gone into it. And as I said, by now, these are the official World Bank and IMF figures.

SHELLEY: So you have some checks and balances.

HAQ: We do have checks and balances.

STEELE: Early next year, Dr. Haq, the United Nations is having its World Summit for Social Development, and your Report this year reads very much like an agenda for that summit. It's prescriptive and, to use your words, ahead of its time in a number of areas. And I wonder whether you could elaborate on a couple of them for us. The human security fund is something that you're proposing with global taxation on currency speculation, the Tobin tax, which is something that's not new but is going to be new again, and an economic security council. And I think the Report also acknowledges that perhaps this is a balloon, but maybe you don't feel that it's unrealistic.

HAQ: Well, I think the Social Summit offers a tremendous opportunity to all of us to shape the society of the future. We have tried to put together some proposals which we believe are doable. First, we have suggested what we have call the 20/20 compact. That is the developing countries should earmark about 20 per cent of their budgets for real human priority issues compared to the 10 to 13 per cent they do now, and donors should earmark 20 per cent of their aid budgets instead of the 7 per cent they do now. No new money, same money, but let us have better priorities, more efficient spending. And that alone can take care of all essential human agenda for the next 10 years, putting all the children in schools, primary health care and water for all,

family planning for all willing couples, and so on. We do believe the 20/20 compact is realistic, can be done, and we hope the Social Summit will endorse it.

Secondly, on this global human security fund: The basic idea is that security is indivisible now. People who die in this country may die not because of internal causes, a disease that has travelled across international frontiers, or drugs, or international terrorism, or pollution or many other things. Global poverty is travelling across international frontiers in very unpleasant forms. So the question as such is can't we thereby have a concept of security in which all nations can join? And that will then require global taxation as well. That's why we suggested taxing environment, taxing prosperity in a way. This is what the movement of funds across international frontiers is. We don't know whether they are ahead of their time or not, but global human security is becoming a fact. Poverty is getting globalized. Threats to human security are arising all over the world, and the only way to deal with them is by some global form of financing, it cannot be done otherwise.

STEELE: Do you have any early sense of support or otherwise for an economic security council? Or perhaps an enlargement of the agenda of the current security council to avoid changing the Charter?

HAQ: The economic security council proposal we first gave in our '91 Report, and it is beginning to catch more and more attention. Because ultimately if the real issues are socioeconomic issues within countries and not just military conflicts, then either the existing security council or some arm of it has to start considering socioeconomic human security issues. We have to strengthen the developmental role of the United Nations. We still are fighting the battles of tomorrow with the weapons of yesterday. We are sending in soldiers where we should be sending in doctors and engineers, and we should be working for socioeconomic reforms. Each time an issue arises which is critical, we rush to a summit -- environment, Earth Summit, women, population, children -- leaving nothing behind as a process of decision-making. An economic security council basically will provide that regular forum in which these things can be discussed and compromises can be struck and decisions can be made.

STEELE: Is this agenda an agenda of the United Nations Development Programme? Are you going out on a limb or going out front, or is it a reflection of discussion and coordination between the other agencies?

HAQ: As you know, Ian, this Human Development Report is a very independent exercise produced by a number of distinguished consultants from all over the world. It is done on behalf of the UNDP, but it is done in a UN-wide context and, if I may say so,

in a global context. So I do not want to suggest that this is an agenda of one particular agency. I am very much hopeful that this will become the global agenda.

SHELLEY: Well now, Dr. Haq, you're an economist, and let's look at Africa for a minute. In your 1990 Report you said that there would be 400 million poor people in Africa, and I mean direly poor people in Africa. How on earth can the world community deal with that number realistically?

HAQ: Basically, Africa is beginning to dissolve; its poverty, its socioeconomic problems are beginning to catch up with these countries. We call them failed governments, and behind every failed government, there's failed development. What is to be done? We have been knowing for a long time that, while Africa is poor, it is still being given arms rather than food production machinery. In the last 30 years, Africa's military spending has gone up from 0.7 per cent of GNP to 3.5 per cent GNP, five times [increase], at that level of poverty. And we are all guilty in this process. We have given them arms rather than development. Certainly I think the world should restructure its priorities. Certainly Africa has to do the same. Many of its leaders have not been looking after the people, they thought they could insure the security of the nations by investing in arms. I think they're all beginning to realize that you can protect the security of your people through development rather than through military expenditure.

I think if we can strike such a bargain, today it is possible to make Africa arms-free. Take our military bases from there. Ban sophisticated military shipments there. Do you know that last year Nigeria bought sufficient arms from the international community that could have financed all its programs in family planning, of water supply, or education? And many other African countries are still continuing to do so. I think there are many things that we can do together.

STEELE: Your Report this year highlights the fact that South Africa is essentially two worlds. The differential between living conditions for the blacks and for the whites is four times greater than it is in this country. Is this a situation, now that Mr. Mandela is at the helm, in which the international community should be involving itself in some special way to address what could be a future problem?

HAQ: We have given a profile of South Africa: the white community taken separately will rank with Spain, the black community with Congo. These are two different worlds altogether. The difference of almost 100 ranks between the two if they are ranked on the Human Development Index. We found that, last year in our Report, the disparity in the United States between blacks and whites was one fourth as much as it is in South Africa, and yet there are tensions here. I think it's going to be a

tremendous job of creating social integration in South Africa. And all of us owe it to Nelson Mandela to help him in that task.

LITTLEJOHNS: Mr. Haq, that's all the time we have. Thank you for being with us on this edition of World Chronicle. Our guest has been Mahbub ul Haq, Special Advisor to the Administrator of the United Nations Development Programme. He was interviewed by Ian Steele of the Press Foundation of Asia and Sally Swing Shelley of the Voice of Germany.

I'm Michael Littlejohns, thank you for joining us, we invite you to be with us for the next edition of World Chronicle.

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